



State of the Potato Category





IPC Category Management

CATEGORY PERFORMANCE

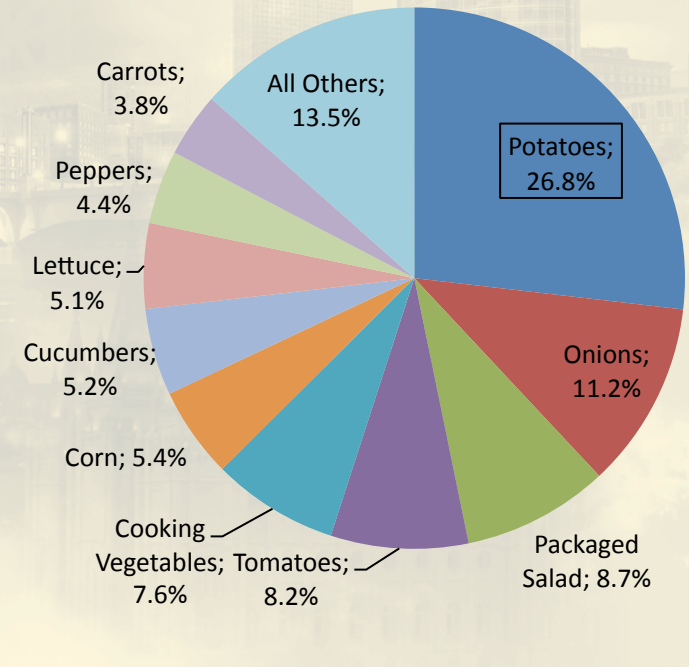
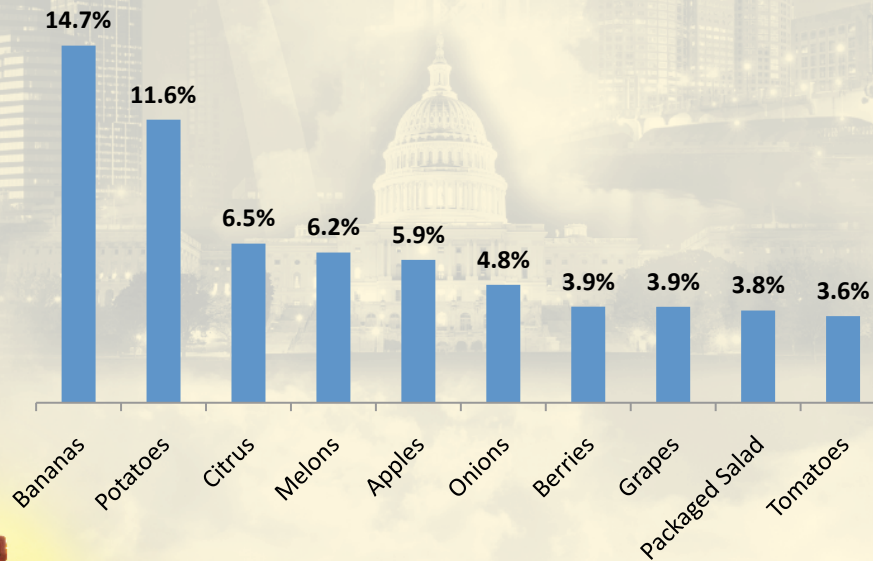




State of the Potato Category

- Potatoes are the second largest volume contributor in the entire produce department, and the commanding first within vegetables

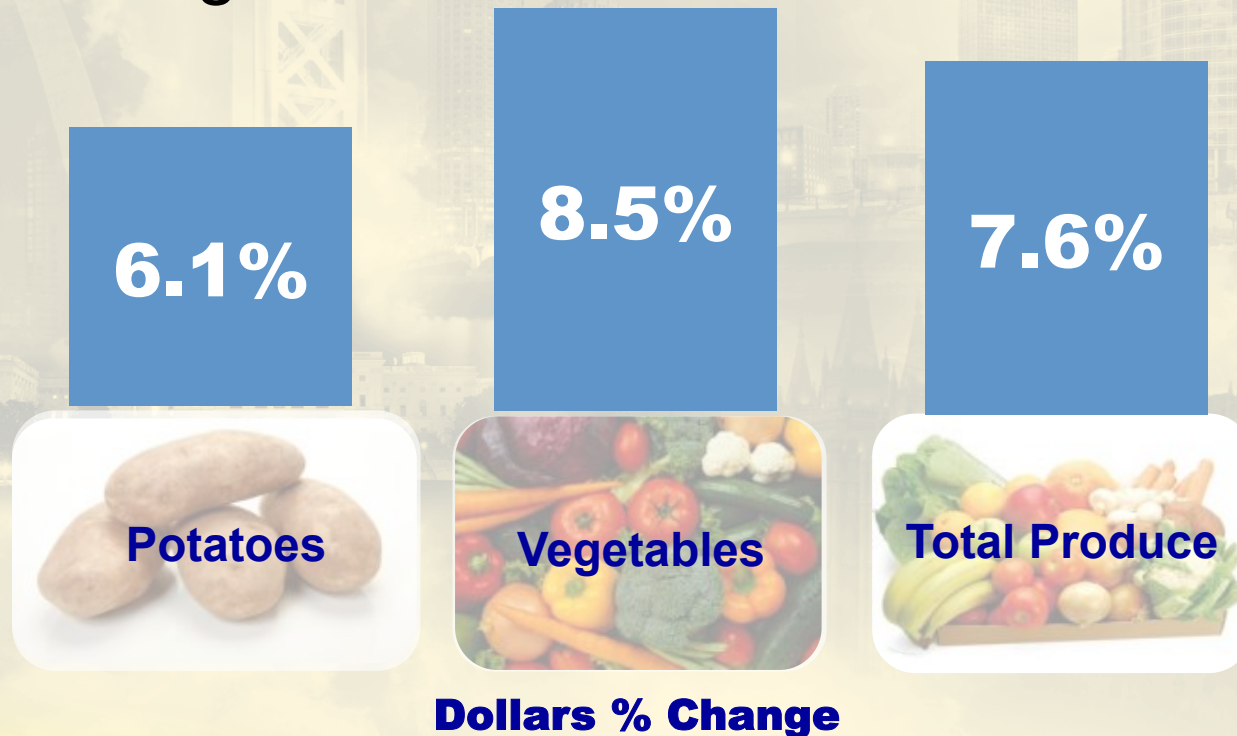
Top Produce Categories by Volume Share





State of the Potato Category

- Potatoes increased dollar sales 6.1% from the prior year. However, vegetables and total produce outpaced potatoes in dollar growth

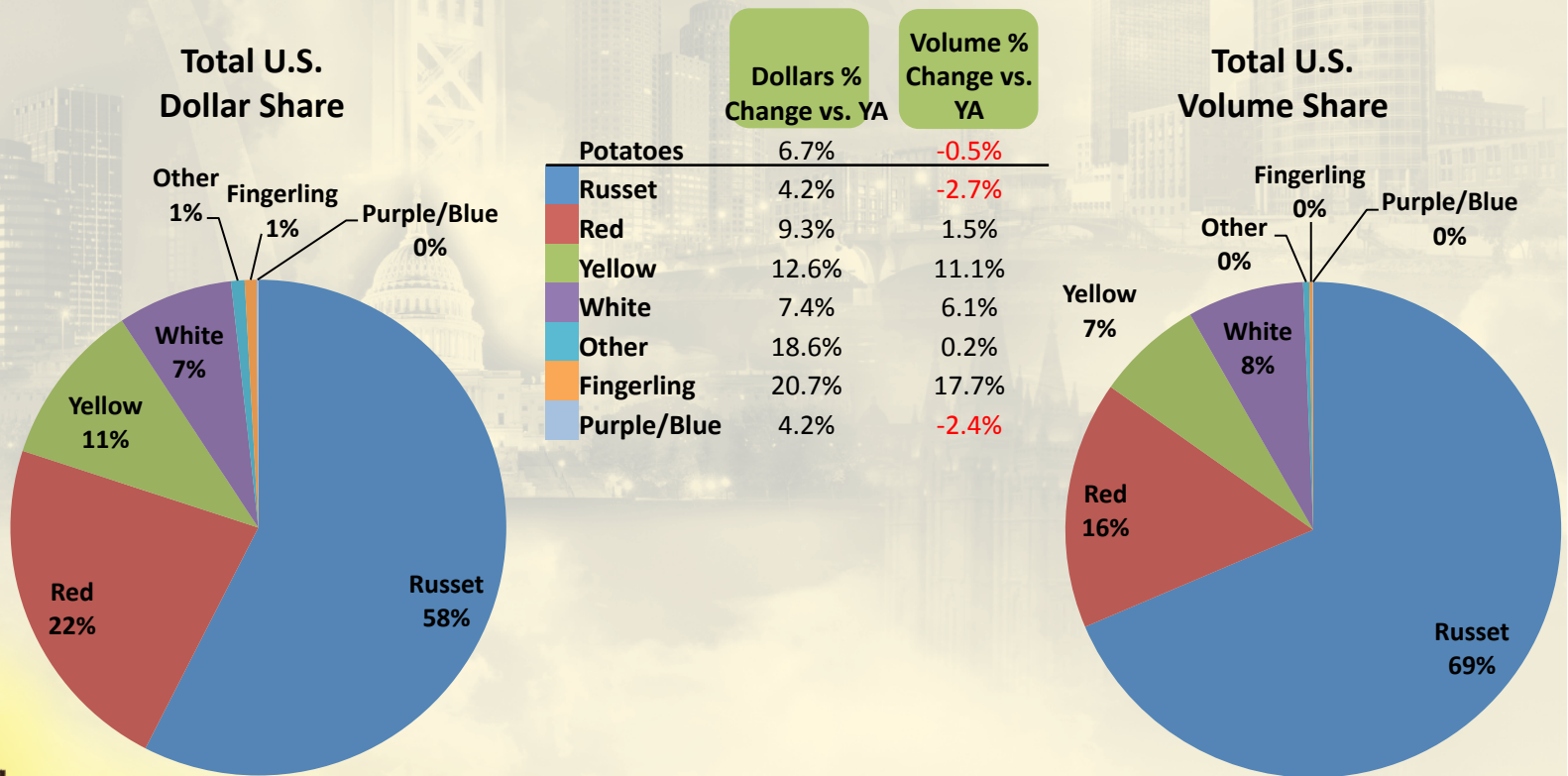


Dollars % Change



Potato Performance by Type

- All potato types increased dollar sales from the previous year
 - Volume sales were down slightly, driven by Russet



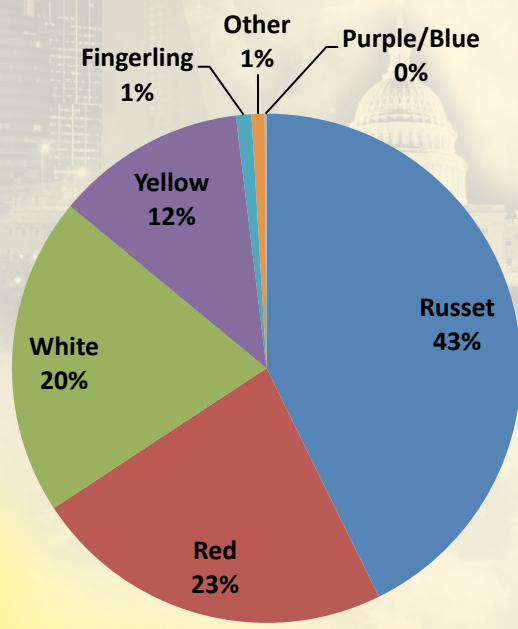
Source: Nielsen Perishables Group FreshFacts®, 52 Weeks Ending 2/22/14



Potato Performance by Type

- White potatoes make up a larger share of the category in the East and drove the positive growth of category volume, as volume sales of both Russet and red potatoes declined

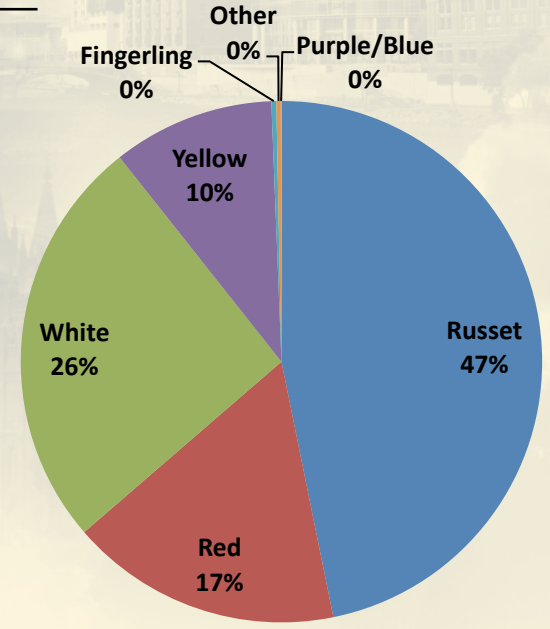
East Region
Dollar Share



| Potatoes | Dollars % Change vs. YA | Volume % Change vs. YA |
|-------------|-------------------------|------------------------|
| Russet | 0.0% | -1.3% |
| Red | 2.9% | -5.0% |
| Yellow | 3.7% | 4.0% |
| White | 4.6% | 22.5% |
| Other | 17.0% | 14.7% |
| Fingerling | 86.5% | 52.3% |
| Purple/Blue | -5.6% | -0.2% |

| Potatoes | Dollars % Change vs. YA | Volume % Change vs. YA |
|-------------|-------------------------|------------------------|
| Russet | 0.0% | -1.3% |
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East Region
Volume Share



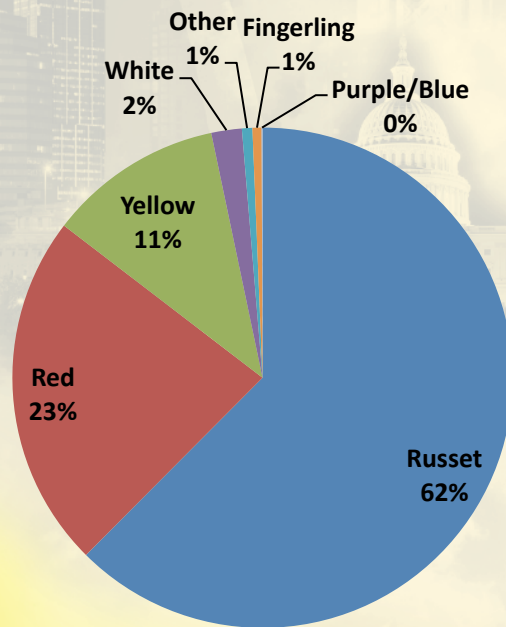
Source: Nielsen Perishables Group FreshFacts®, 52 Weeks Ending 2/22/14



Potato Performance by Type

- Russet was the only potato type to have a negative volume trend, which resulted in a negative trend for the entire category

Central Region
Dollar Share

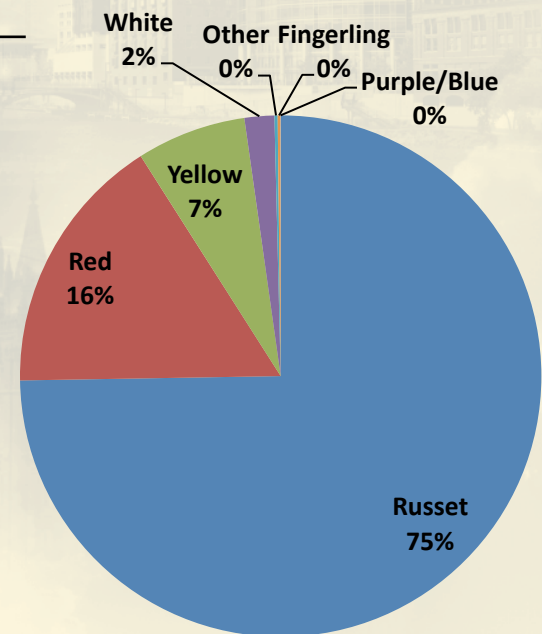


Dollars %
Change vs. YA

Volume %
Change vs.
YA

| Potatoes | Dollars % Change vs. YA | Volume % Change vs. YA |
|-------------|----------------------------|------------------------------|
| Russet | 4.6% | -3.2% |
| Red | 12.1% | 7.7% |
| Yellow | 18.2% | 12.8% |
| White | 8.4% | 1.6% |
| Other | 43.4% | 3.1% |
| Fingerling | 16.7% | 2.0% |
| Purple/Blue | 27.7% | 23.4% |

Central Region
Volume Share

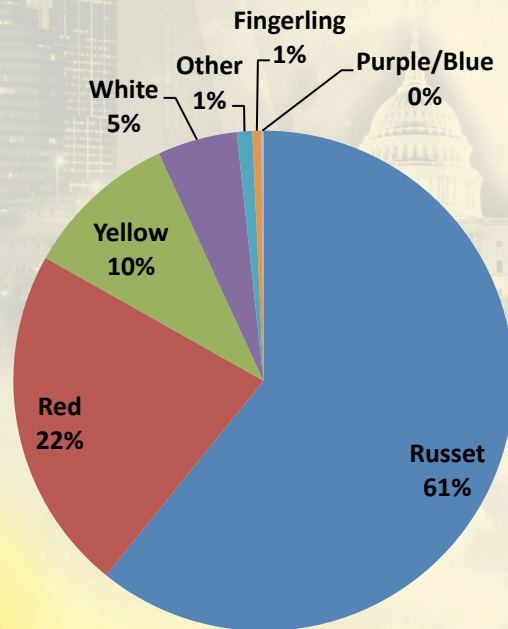




Potato Performance by Type

- All potato types, with the exception of 'other', increased dollar sales from the previous year in the South region

South Region Dollar Share

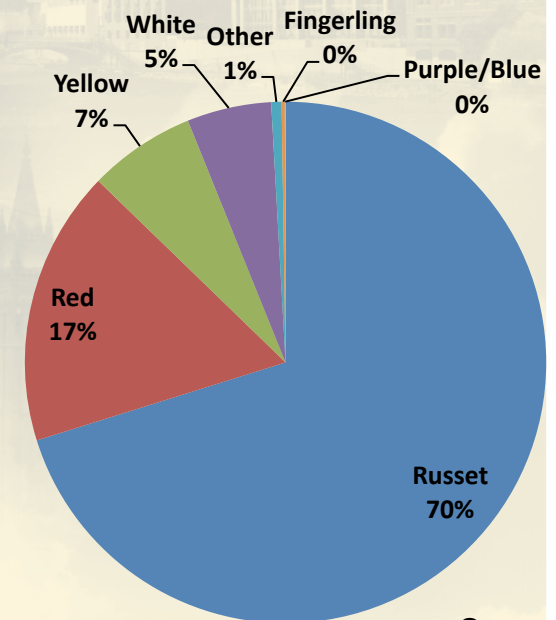


Dollars % Change vs. YA

Volume % Change vs. YA

| Potatoes | Dollars % Change vs. YA | Volume % Change vs. YA |
|-------------|-------------------------|------------------------|
| Potatoes | 6.7% | -1.0% |
| Russet | 4.2% | -3.2% |
| Red | 9.9% | 1.4% |
| Yellow | 10.0% | 2.1% |
| White | 17.8% | 22.9% |
| Other | -3.7% | -10.2% |
| Fingerling | 20.6% | 20.9% |
| Purple/Blue | 1.4% | -10.4% |

South Region Volume Share

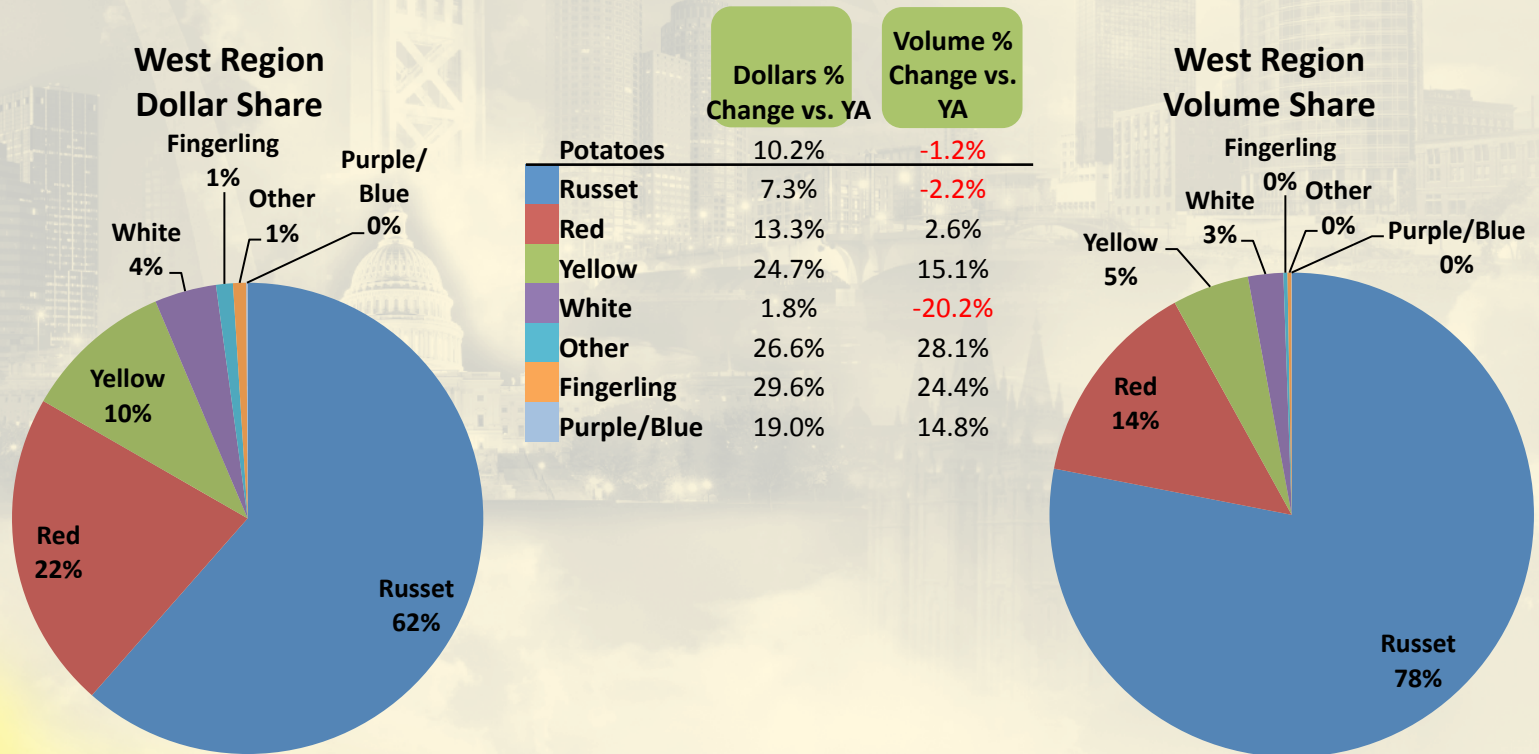


Source: Nielsen Perishables Group FreshFacts®, 52 Weeks Ending 2/22/14



Potato Performance by Type

- Of all of the regions, the West had the largest increase in total potato dollar sales

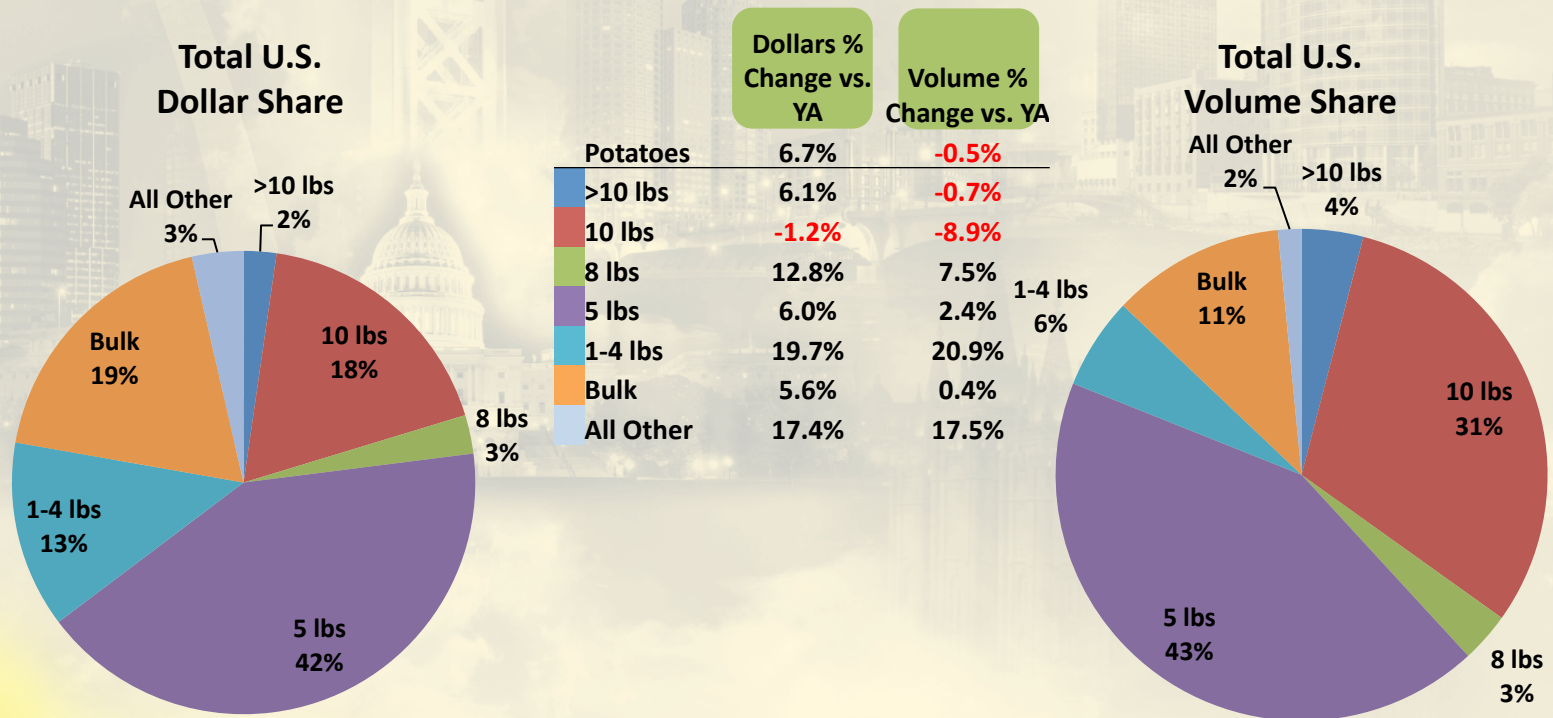


Source: Nielsen Perishables Group FreshFacts®, 52 Weeks Ending 2/22/14



Potato Performance by Size

- All package size groups increased dollar sales from the prior year, with the exception of the 10-lbs bag

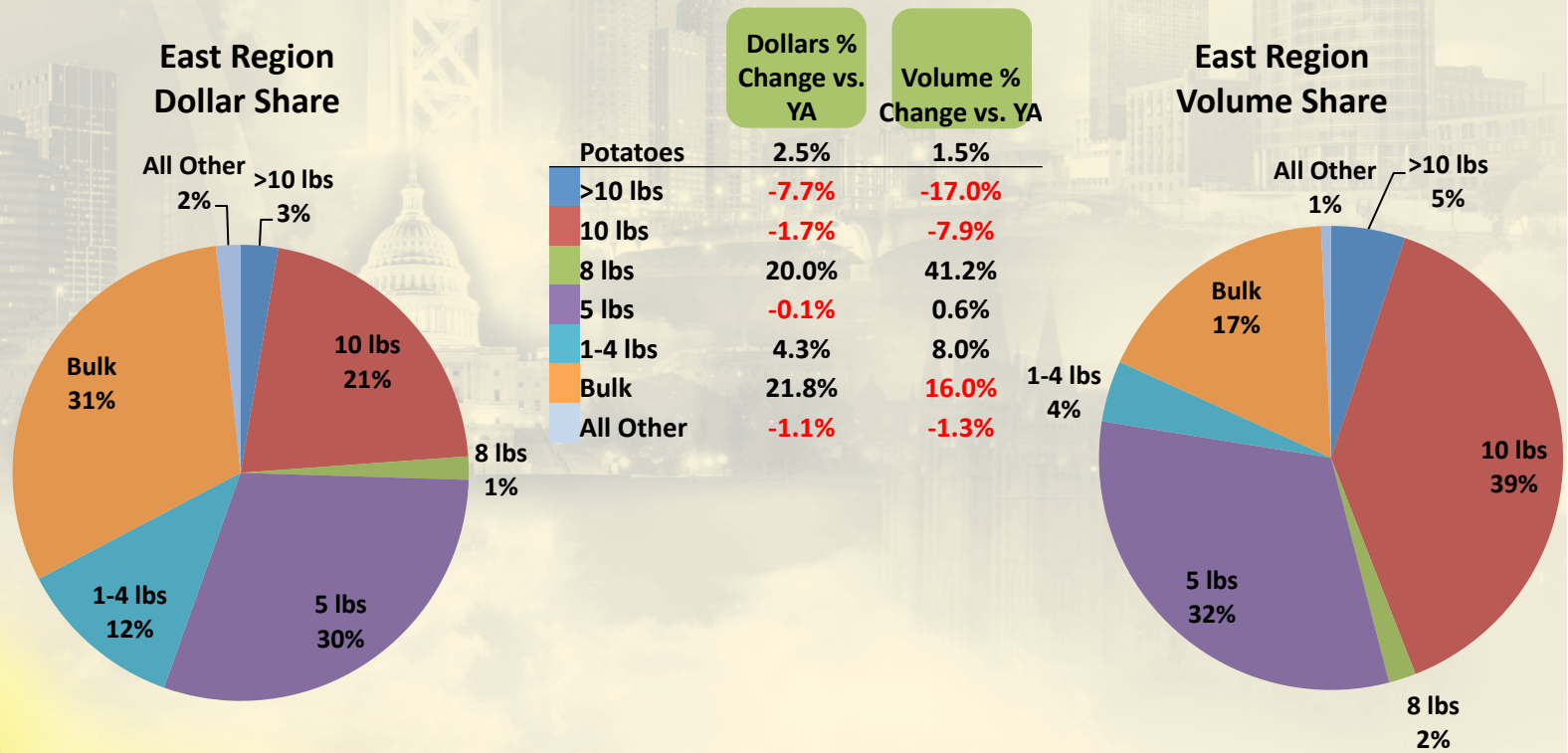


Source: Nielsen Perishables Group FreshFacts®, 52 Weeks Ending 2/22/14



Potato Performance by Size

- 8-lbs and 1-4-lbs were the only package size groups in the East to increase both dollar and volume sales from the previous year



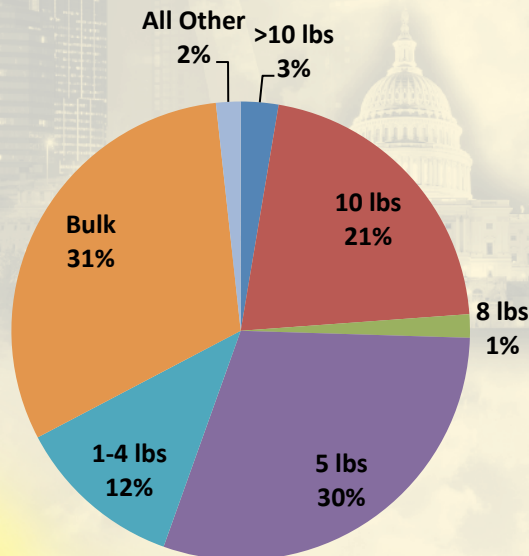
Source: Nielsen Perishables Group FreshFacts®, 52 Weeks Ending 2/22/14



Potato Performance by Size

- In the Central region, the 1-4-lbs size group had double-digit growth in both dollars and volume

Central Region Dollar Share

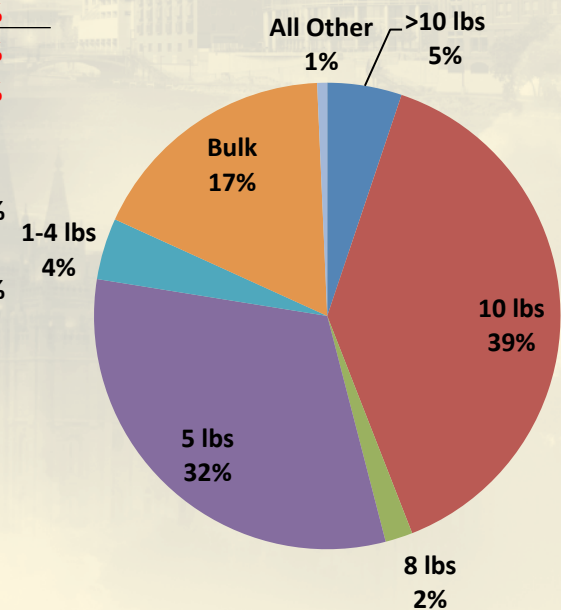


Dollars % Change vs. YA

Volume % Change vs. YA

| Potatoes | Dollars % Change vs. YA | Volume % Change vs. YA |
|-----------|-------------------------|------------------------|
| >10 lbs | -1.3% | -6.8% |
| 10 lbs | 0.9% | -6.2% |
| 8 lbs | 22.6% | 7.7% |
| 5 lbs | 8.3% | 2.9% |
| 1-4 lbs | 20.4% | 10.5% |
| Bulk | 5.5% | 0.9% |
| All Other | 11.5% | 14.2% |

Central Region Volume Share



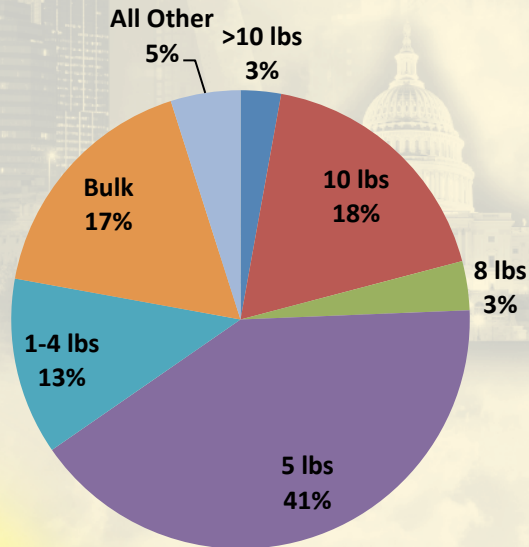
Source: Nielsen Perishables Group FreshFacts®, 52 Weeks Ending 2/22/14



Potato Performance by Size

- In the South region, all bagged potatoes increased dollar sales compared to the previous year. And 1- to 4-pound, 8-pound and 10+-pound had double-digit volume increases

South Region Dollar Share

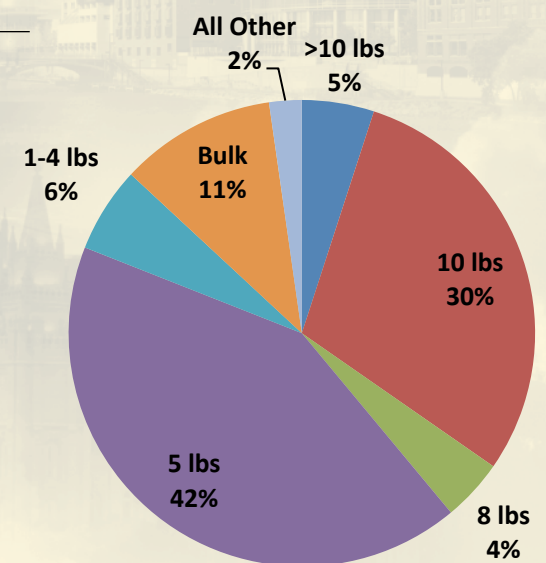


Dollars % Change vs. YA

Volume % Change vs. YA

| Potatoes | Dollars % Change vs. YA | Volume % Change vs. YA |
|-----------|-------------------------|------------------------|
| >10 lbs | 6.3% | -0.1% |
| 10 lbs | -2.3% | -10.0% |
| 8 lbs | 7.8% | 6.5% |
| 5 lbs | 6.8% | 2.1% |
| 1-4 lbs | 18.0% | 14.0% |
| Bulk | 6.5% | 1.4% |
| All Other | 15.8% | 15.7% |

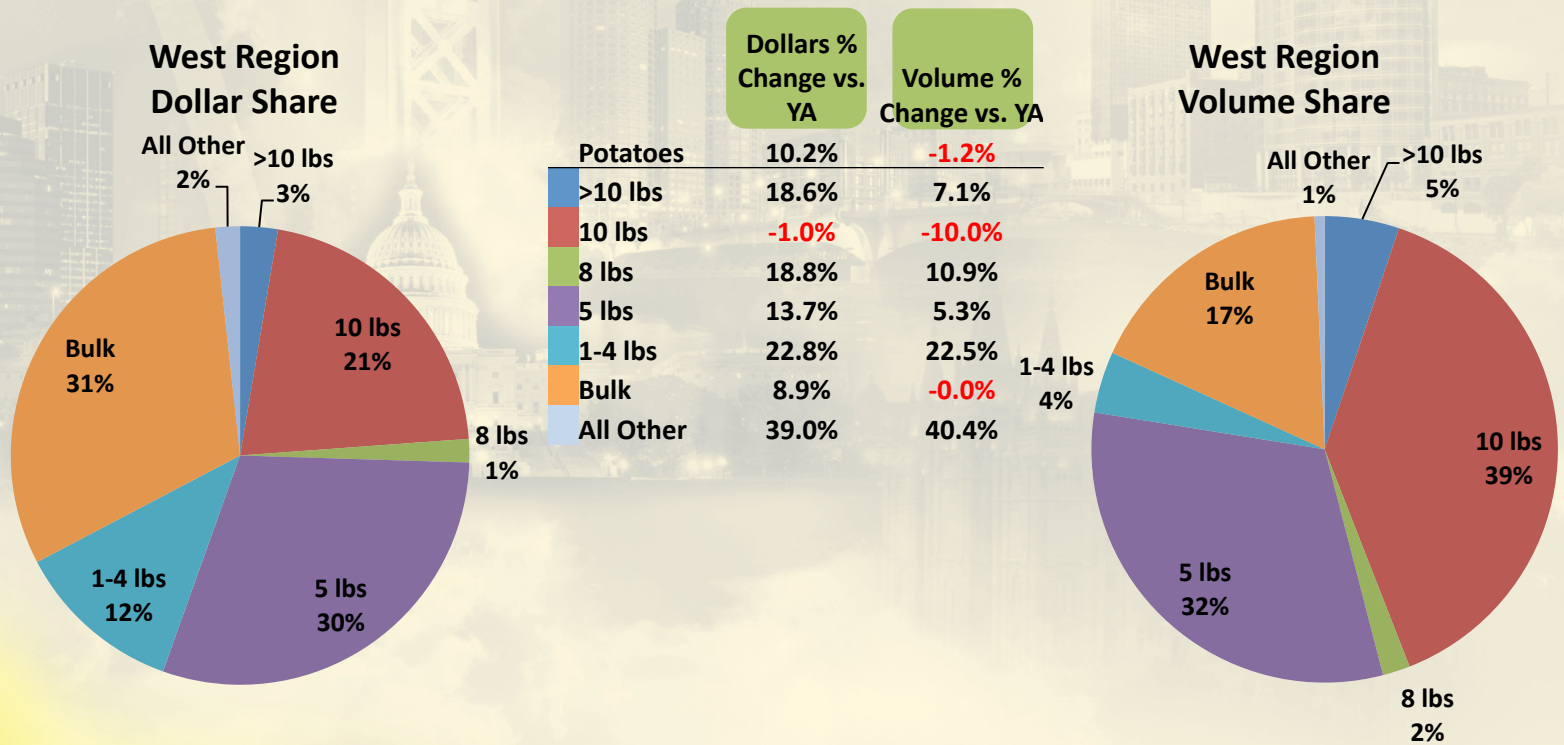
South Region Volume Share





Potato Performance by Size

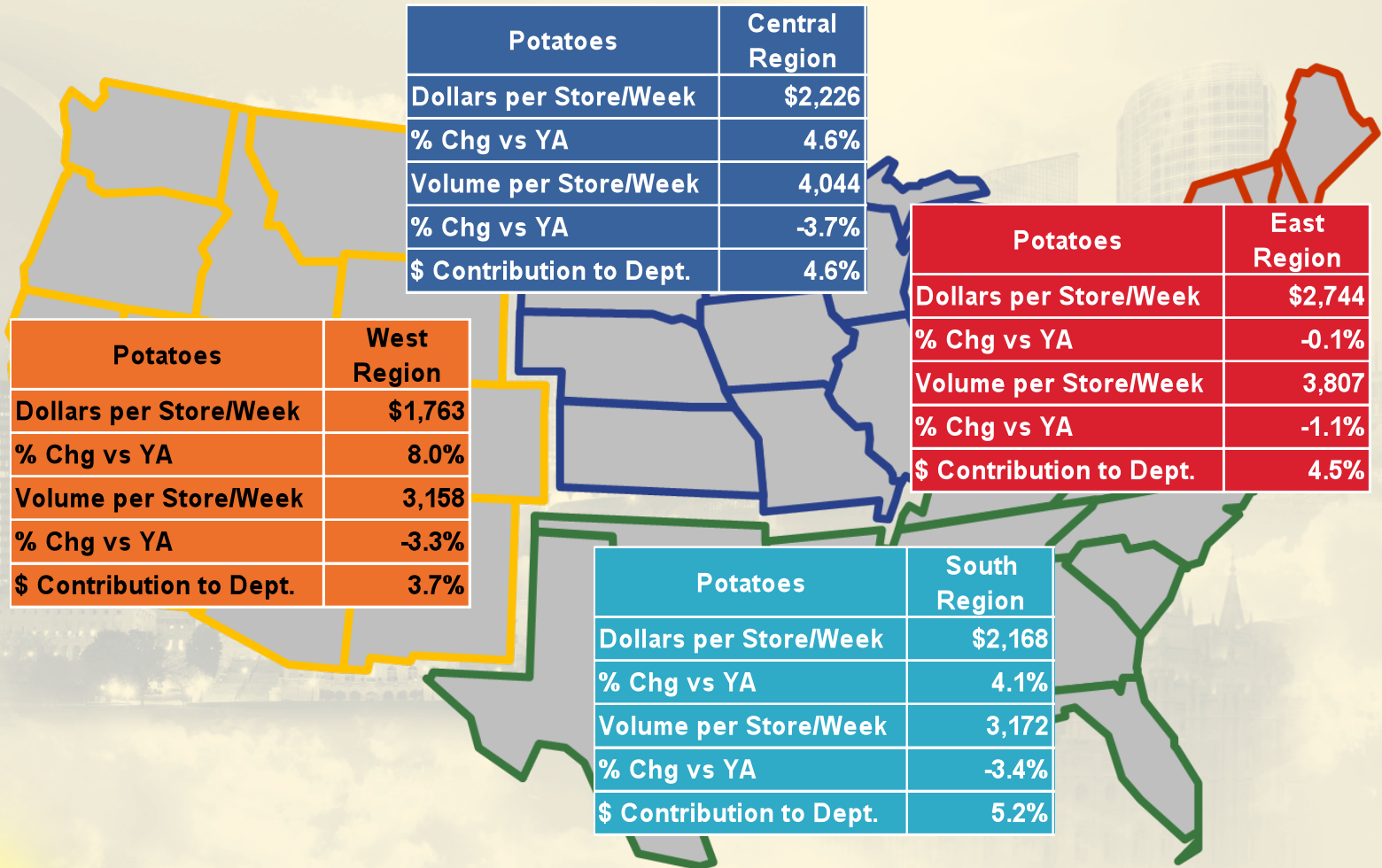
- With the exception of 10-lbs and bulk, all package size groups had double-digit growth in dollar sales from the previous year



Source: Nielsen Perishables Group FreshFacts®, 52 Weeks Ending 2/22/14



Regional Performance



Source: Nielsen Perishables Group FreshFacts®, 52 Weeks Ending 2/22/14



IPC Category Management

SHOPPER INSIGHTS





Potato Shoppers..

Spend More Money!

All Transactions



\$464*

With Potatoes



\$543*

Monthly Basket Dollars

Buy More Groceries!



17*

All Transactions



33*

With Potatoes

Average Basket Item Count

Because Idaho Potato Shoppers are more aware of quality, their baskets are probably even bigger!



Source: *2011 USPB Shopper Insights Study



More Shopper Insights

The top two factors contributing to an unplanned fresh potato purchase are:

- The potatoes “looked tasty”
- The shopper “thought of a meal idea”



Potato buyers are more likely than average shoppers to buy more than they had planned on purchasing and are more likely to get meal inspiration while in the store

Opportunity to increase incremental purchases throughout the store!



IPC Category Management

CATEGORY BEST PRACTICES





Assortment

Maintain a year-round assortment of potatoes to consistently appeal to a wide range of shoppers

- **Gourmet/Trendy Shopper**
 - Unique and innovative offerings (ex: Steamer bags, or purple/blue potatoes)
- **Quality Shopper**
 - High quality offerings, loose and small bags
- **Family/Traditional Shopper**
 - All types and 5-pound bags
- **Price Conscious Shopper**
 - 10- and 10+-pound bags



Consumers will pay for quality, specific sizes and varieties. It's important to make sure your assortment attracts all potato shoppers



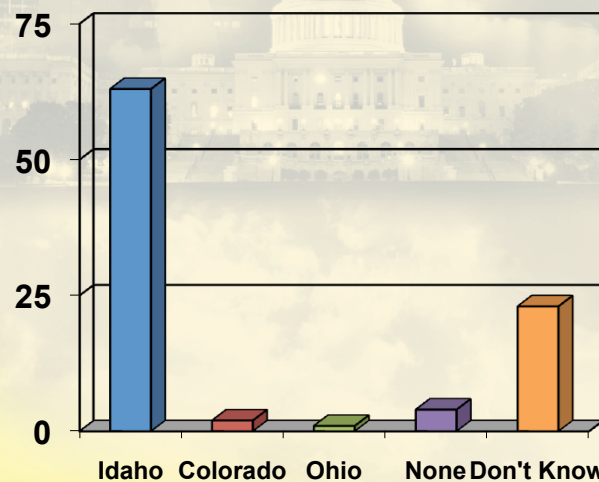


Assortment

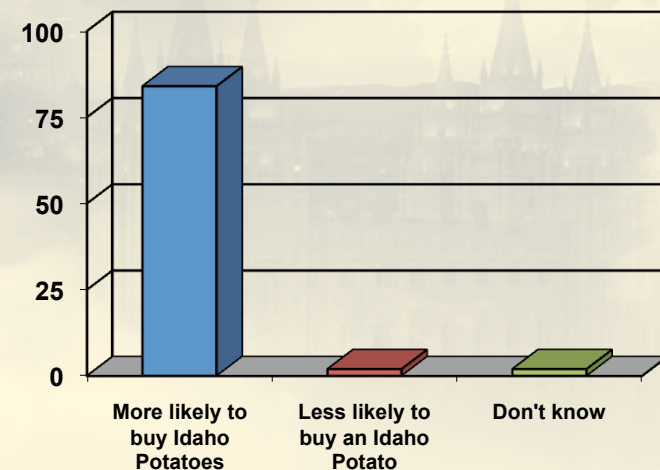
An Idaho offering for each segment is critical to your category assortment

- Among those with a preference, **84% of consumers said they are more likely to purchase Idaho potatoes**, if given a choice
- When asked about who grows the best potatoes, 8 out of 10 consumers responded **Idaho**

Best Potato-Growing State or Region



Idaho Potatoes as a Purchase Trigger



Source: *IPC-BYU custom research 2006; **Technomic, Inc.



Pricing

Maintain a consistent, segmented pricing strategy that communicates a clear value proposition

- ✓ Keep the **price gap** between products consistent
 - Customers can quickly find the value they are looking for
- ✓ **Don't give potatoes away!** Price for a good margin
 - 80% of consumers plan to purchase potatoes before they enter the stores; as a result potato pricing is relatively inelastic and deep discounts are not needed to sell product*

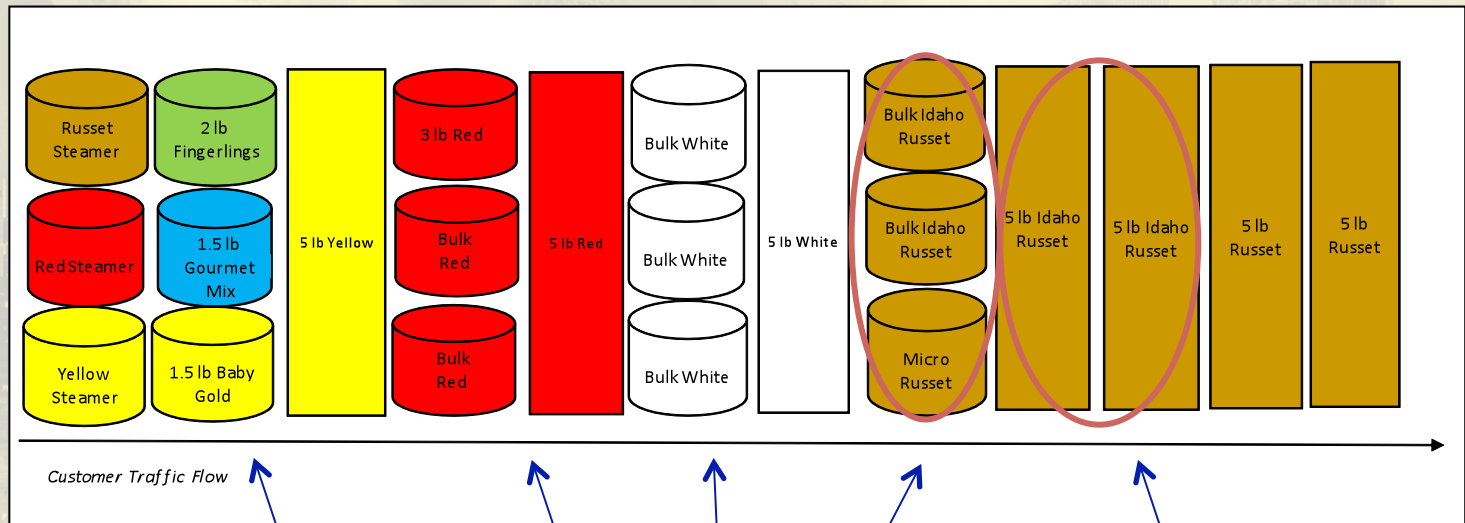
Consumers associate Idaho Potatoes with high quality products and will pay a premium price for the Idaho Brand!





Merchandising

Merchandise all potato items together by type for better impact and easy convenience for consumers



Set the **higher-priced, specialty** offerings first in the consumer traffic flow to take advantage of impulse sales

Merchandise items **by potato type then size**, to ensure all category offerings are communicated to the consumer

Make Idaho Russets the **focus of the Russet section**, as they convey quality and consistency





Merchandising

It is important to educate your customers

- ✓ Differences in potato types
 - Encourage specialty types along with traditional
- ✓ New preparation ideas
 - Offer on-the-spot meal solutions
- ✓ Health benefits
 - Potatoes are one of the best nutritional values of the entire produce department

POS materials with nutrition information provide consumers with reasons WHY they should eat potatoes...and feel good about it.



Coupling nutrition with usage information (recipes/menu plans) shows consumers HOW they can enjoy potatoes.



Merchandising

Numerous industry studies have shown that point of sale materials boost sales

- Make sure Idaho potatoes are properly identified, so customers know they are getting the quality brand they know and trust
- It is also very important to place pricing signage adjacent to the product to which it is referring



IPC can provide marketing support to make your potato category the best around!





Promotion

Use promotions to attract customers and drive incremental sales – these guidelines can help make your promotions more effective

✓ Discount

- Peak Potato Periods (Nov.-Jan): Don't discount too deeply, consumers are already buying potatoes
- Non-Peak Potato Periods: Promotions are more important to generate potato item lift
- Remember to maintain the category pricing structure

✓ Mix

- Promote a mix of bag and bulk items
- When promoting organics, pair with at least one conventional item*

✓ Displays

- Use secondary displays or end caps to bring attention to the promotion



*Displays drive sales!
Increase display size or
implement a secondary
display to drive purchases*



Source: *USPB Promotion Best Practices



IPC Category Management

WHY IDAHO





Famous Idaho Potatoes

The "Certified" seal is a guarantee that you're getting top-quality potatoes

Idaho's growing conditions give Idaho Potatoes their unique texture, taste and dependable performance:

- Warm days
- Cool nights
- Ample mountain-fed irrigation
- Rich volcanic soil

Idaho Potatoes are perceived to be a premium, and command a price premium at retail





Why Idaho

Idaho is the only brand in potatoes. It's the way to tell your consumers you care...and because consumers will pay more, by carrying Idaho Potatoes, you can enhance your potato category profitability.





Why Idaho

- When you buy Idaho potatoes you're also getting the nation's oldest and most powerful potato promotion program
 - National TV advertising
 - Well-known spokesperson, Denise Austin
 - Potato Lovers Display Contest
 - Promotional support \$\$
 - Point-of-sale materials
 - Tie-in promotions





APPENDIX

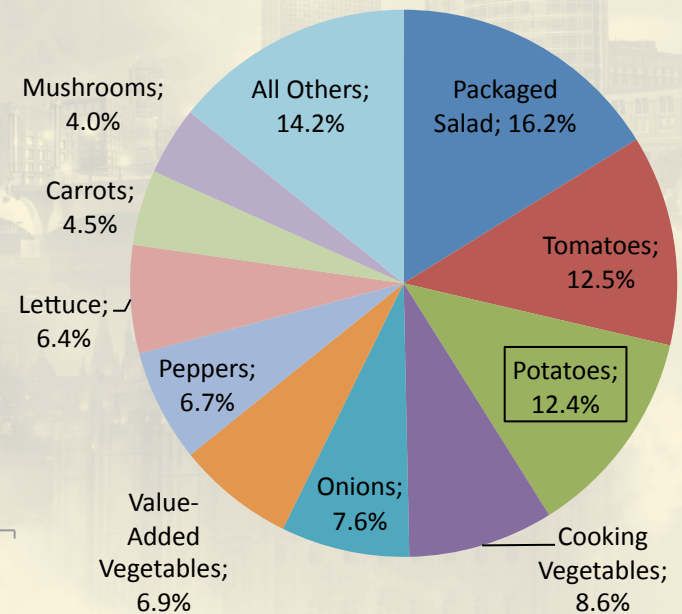
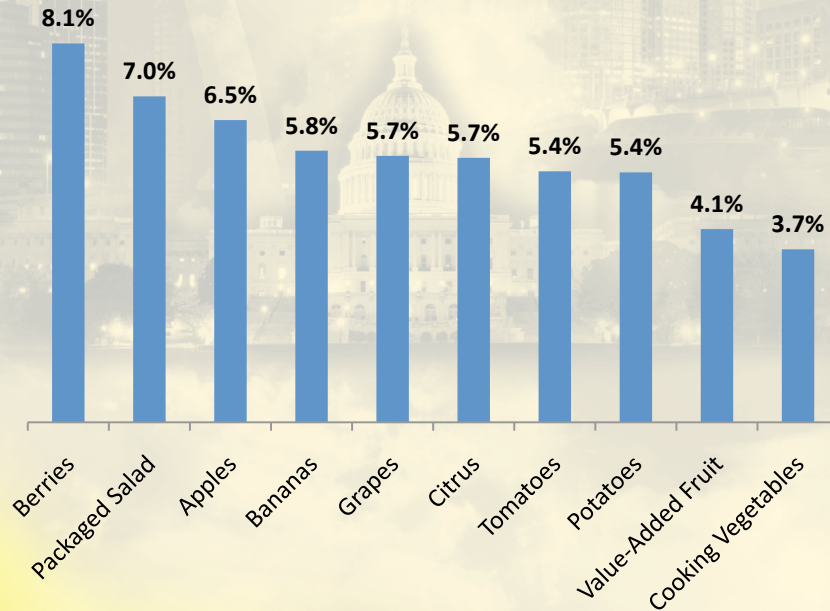




State of the Potato Category

- Potatoes are in the top 10 largest contributors to dollar share for the produce department, and the third largest within vegetables

Top Produce Categories by Dollars Share





FreshFacts® Data Overview

- Data includes retail census sales data for key Food, Club and Mass/Supercenter store chains across the U.S., with more than \$2 million annual ACV* sales per store
 - ~18,000 stores nationwide
 - Data by week, by store, by item
 - Custom time periods available
 - 3 years of history
 - Data is for all products sold in the fresh departments

NEW! Fresh Coverage Area (FCA)

Food

Mass/ Supercenter

Club

UPC



PLU



System

